HOUSING REPORT

WASHTENAW | MARCH 2021

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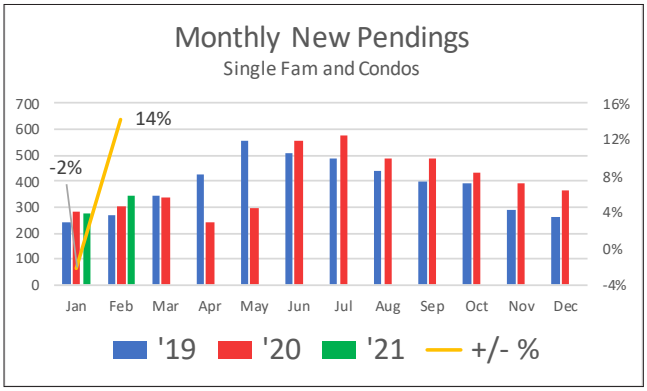
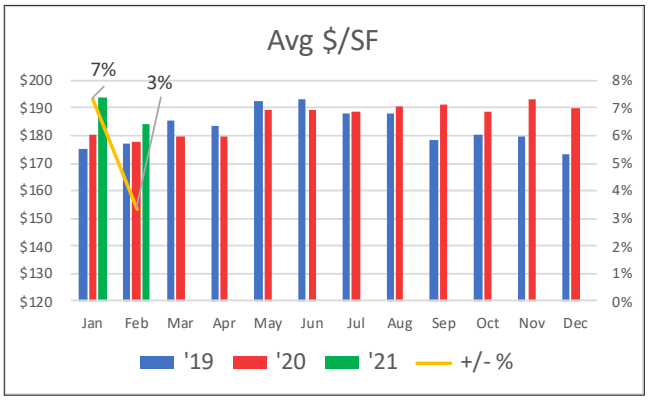
Extreme Demand Continues to Out-Muscle Supply Shortages



YTD	Sale Pr/ List Pr	Sales >= Full List Pr	Avg DOM	<10 DOM
2015	96.8%	34.3%	100	10%
2016	97.2%	35.0%	106	9%
2017	97.8%	40.9%	93	19%
2018	98.4%	44.0%	81	20%
2019	98.3%	42.6%	81	13%
2020	97.8%	36.3%	87	13%
2021	98.9%	49.2%	58	40%



A 32% reduction in current inventory levels can't overcome the extreme buyer demand that continues to drive the Washtenaw County market.

Despite depleted inventories, closed sales, showings and new pendings are all up. Values are also rising while market times are dropping.

The average sale price is 98.9% of asking and nearly half of sales are at or above full list price—both higher than any time since 2015.

Market times continue to shrink—lower than any time since 2015. YTD average market times are down to 58 days and 40% of listings show up as pending within 10 days.

Inventory shortages, especially in the entry and middle price ranges, continue to fuel buyer competition and the multiple offers that drive up values. Typically, price per square foot declines during the 4th quarter as inventory gets picked over and demand drops off. As seen in the lower chart to the left, the red price per square foot bars of the 2020 fourth quarter, stood tall and carried momentum into 2021. YOY average price per square foot was up 7% in January and 3% in February.

Expect demand to remain high and supply levels to remain low through 2021. Prices will continue to rise. Anyone thinking about moving in the next year or two may want to jump in early to take advantage of lower interest rates and prices. Buying sooner will also lock in property assessments with lower caps. These advantages benefit both buyers and sellers.

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Summary

Single Family

2020 vs 2021

2020		2021
581	▼	284 MAR 1ST INVENTORY -51% from last year
356	▲	400 YTD CLOSED SALES +12% from last year
$328K	▲	$358K YTD AVG SALE PRICE +9% from last year
$174/SF	▲	$186/SF YTD PRICE PER SQ. FT. +7% from last year
$116M	▲	$143M YTD SALES VOLUME +23% from last year

Inventory– Inventory levels continue to decline—down 51% compared to a year ago and 14% in the past month. Heading into March, there were only 70 active listings priced under $400k compared to 251 a year ago.

Closed Units– Buyer demand is so strong that despite the inventory shortages, YTD closed sales are up 12%. A YOY rise in new pendings will keep closed numbers up through the first half of 2021.

Values– Both average sale price and price per square foot are up—9% and 7%. Some of that increase is the result of fewer entry-priced sales and more upper-end sales. Although upper-end activity is up, those values have been relatively flat with just a 2% increase in price per square foot.

Summary– Intense buyer demand continues to out-muscle supply shortages and keep sales ahead of last year's pace. Supply levels have fallen to two weeks for listings under $400k and entry-level buyers are competing with investors looking to grab lower-priced homes.

Condos

2020 vs 2021

2020		2021
205	▼	170 MAR 1ST INVENTORY -17% from last year
113	▲	137 YTD CLOSED SALES +21% from last year
$267K	▲	$279K YTD AVG SALE PRICE +5% from last year
$203/SF	▼	$200/SF YTD PRICE PER SQ. FT -1% from last year
$30M	▲	$38M YTD SALES VOLUME +27% from last year

Inventory– Condo sales have been picking up faster than new listings have been arriving on the market. As a result, condo inventory is down 8% from last month and 17% compared to last year.

Closed Units– YTD sales are up 21%, and because last month's new pendings were up 34% compared to the same month last year, expect sales to continue to rise.

Values– While average sale price is up 5%, most of that increase is the result of a fewer entry-level sales (due to the lack of inventory) and an increase in higher-end sales. Ironically, while the number of over-$500k condo sales increased from 9 to 17 units, the price per square foot of those sales dropped from $375 to $308. Within given price ranges, condo values have been flat or declining.

Summary– COVID has been hard on condos, but as vaccinations become widespread, expect the condo markets to open back up and values to pick up.

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Washtenaw County

Single Family Homes

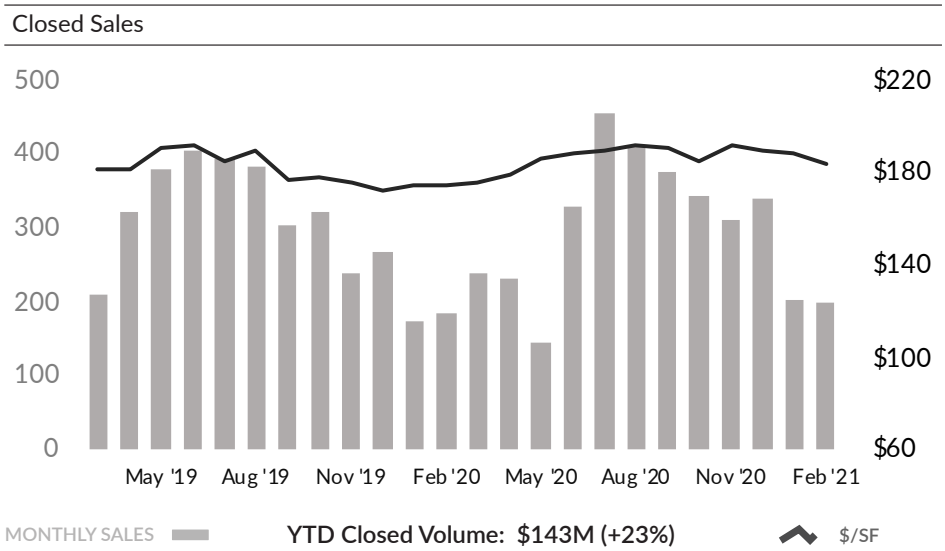
284
AVAILABLE HOMES
-14% from last month

242
NEW PENDINGS
+25% from last month

400
YTD CLOSED SALES
+12% from last year

$358K
YTD AVG SALE PRICE
+9% from last year

$186
YTD PRICE PER SQ FT
+7% from last year



Summary

Although inventory levels are half of what they were a year ago and still falling compared to prior months, intense demand has driven YTD sales up 12%. Last month's new pendings were also up—12% higher than both the previous month and the same month last year. Buyer competition for limited listings continues to raise average price with fewer entry and middle-priced sales and more upper-end sales in the mix. YTD average sale price is up 9% and price per square foot is up 7%. Both buyers and sellers who plan to move this year would do well to get an early start to take advantage of the extreme low rates that benefit both buyers and sellers—a smaller cut of the payment going to interest increases affordability.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	284	-14%	242	25%	1.2	-31%
$10-250k	24	-20%	58	32%	0.4	-39%
$250-400k	46	-29%	86	5%	0.5	-33%
$400-600k	106	-18%	78	47%	1.4	-44%
$600k+	108	3%	20	43%	5.4	-28%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	400	12%	$186	7%
$10-250k	113	-18%	$142	10%
$250-400k	156	15%	$175	-2%
$400-600k	97	62%	$201	6%
$600k+	34	48%	$235	2%

Data source: Realcomp MLS using Great Lakes Repository Data. Value Change= Change in price per square foot ($/SF)

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Washtenaw County

Condos

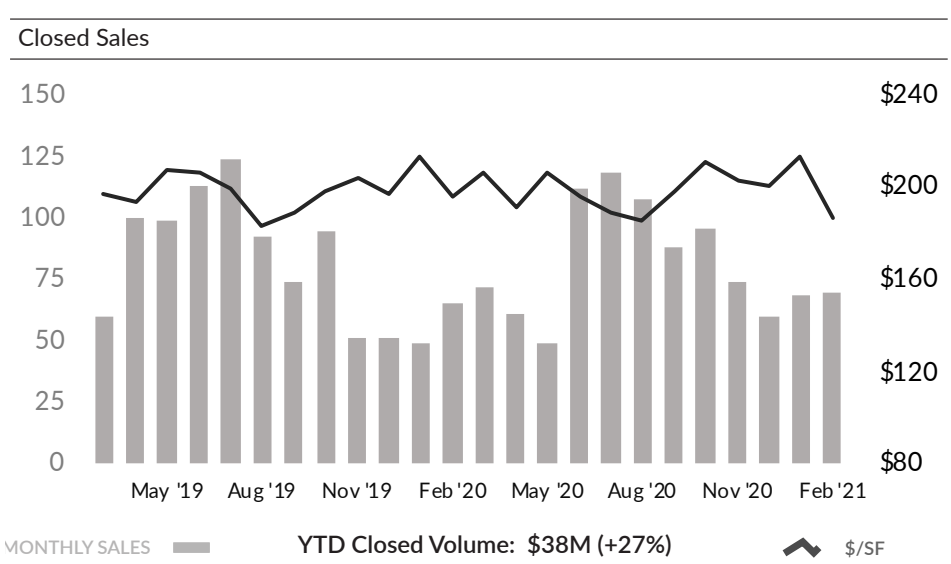
170
AVAILABLE CONDOS
-8% from last month

86
NEW PENDINGS
+51% from last month

137
YTD CLOSED SALES
+21% from last year

$279K
YTD AVG SALE PRICE
+5% from last year

$200
YTD PRICE PER SQ FT
-1% from last year



Summary

While under-$200k inventory is less than half of what it was a year ago, the number of over-$500k listings continues to grow compared to both last month and last year. The middle ($200k to $350k) price range got off to a slow start and sales have been up in both entry and upper-end ranges. The 5% increase in average sale price is misleading. YTD price per square foot is down in every price band (see lower table) and down more significantly for higher-priced properties. While COVID has been good to most single-family housing markets, it has challenged the condo markets. Look for that to lighten up as the pandemic cloud lifts and people get back to wanting to be close to other people and activities.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	170	-8%	86	51%	2.0	-39%
$10-200k	18	-28%	32	88%	0.6	-62%
$200-350k	49	-20%	41	71%	1.2	-53%
$350-500k	50	-9%	10	25%	5.0	-27%
$500k+	53	23%	3	-63%	17.7	229%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	137	21%	$200	-1%
$10-200k	51	34%	$143	0%
$200-350k	52	-4%	$181	-4%
$350-500k	17	42%	$216	-10%
$500k+	17	89%	$308	-18%

Data source: Realcomp MLS using Great Lakes Repository Data. Value Change= Change in price per square foot ($/SF)

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Ann Arbor

Single Family Homes

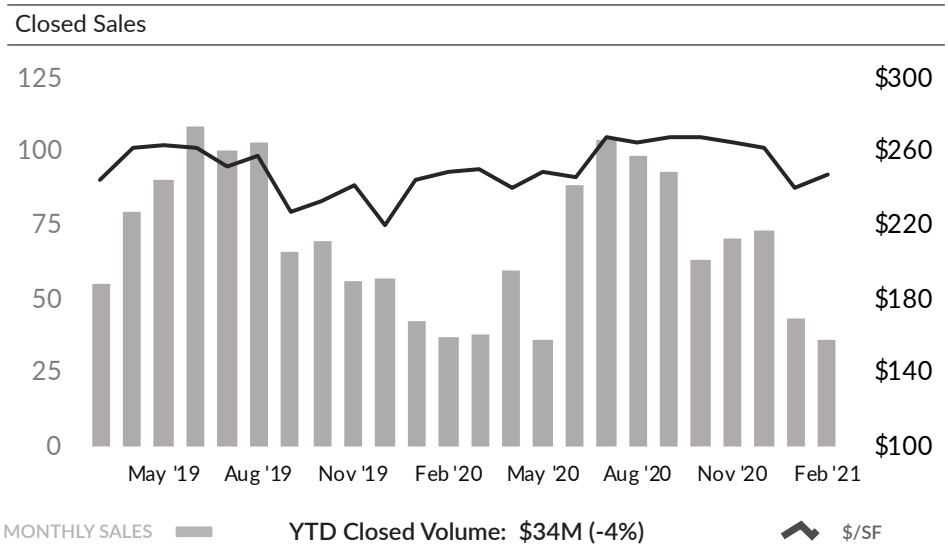
61
AVAILABLE HOMES
-10% from last month

52
NEW PENDINGS
+6% from last month

79
YTD CLOSED SALES
even with last year

$425K
YTD AVG SALE PRICE
-4% from last year

$244
YTD PRICE PER SQ FT
-1% from last year



Summary

Although inventory continues to fall and is down 45% compared to a year ago, YTD Ann Arbor single family sales are even and last month's new pending sales increased by 15 units compared to the same month last year. Competition for listings has cut average market time in half from a year ago and down to 45 days. Over 50% of homes priced under $400k are selling at or above full price, yet values of under-$400k sales have been flat. That combination doesn't usually make sense unless many of those properties were in need of restoration. Upper-end activity has been limited by inventory—there are just 10 available over-$750k listings this year compared to 22 last year. Expect upper-end demand to push up prices.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	61	-10%	52	6%	1.2	-15%
$10-250k	1	-50%	7	133%	0.1	-79%
$250-400k	8	-20%	18	-14%	0.4	-7%
$400-750k	42	-11%	23	-4%	1.8	-7%
$750k+	10	11%	4	300%	2.5	-72%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	79	0%	$244	-1%
$10-250k	10	67%	$193	-12%
$250-400k	33	-25%	$233	-1%
$400-750k	32	45%	$246	5%
$750k+	4	-43%	$308	4%

Data source: Realcomp MLS using Great Lakes Repository Data. Value Change= Change in price per square foot ($/SF)

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Ann Arbor

Condos

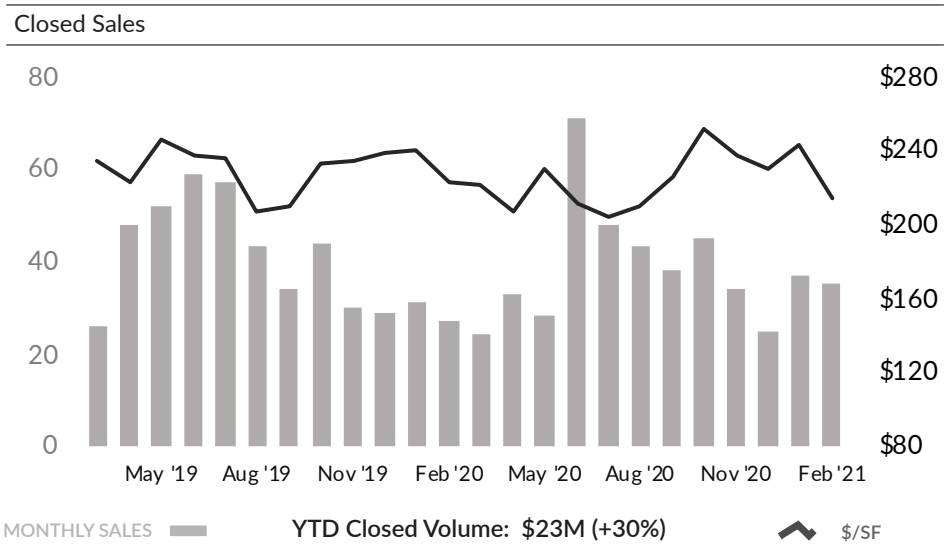
83
AVAILABLE CONDOS
-7% from last month

39
NEW PENDINGS
+26% from last month

72
YTD CLOSED SALES
+24% from last year

$317K
YTD AVG SALE PRICE
+4% from last year

$230
YTD PRICE PER SQ FT
-1% from last year



Summary

Despite declining inventory levels—down 7% from the prior month and down 29% compared to the same time last year—YTD sales are up 24% and recent new pendings are up 26% compared to the prior month and 39% compared to the same month last year. That jump in new pendings will ensure strong closing numbers over the next few months. COVID wasn't kind to urban condo markets. Being close to people, work and activities typically draws buyers to condo living. The pandemic had everything shut down and people keeping their distance. Expect the rapid dissemination of vaccines to open restaurants, office spaces and social activities that will draw condo buyers back into the market.

Monthly Activity

	Listings	Change	New Pendinger s	Change	Months Supply	Change
All	83	-7%	39	26%	2.1	-26%
$10-150k	2	-50%	3	0%	0.7	-50%
$150-225k	11	-27%	15	150%	0.7	-71%
$225-400k	22	-27%	15	7%	1.5	-32%
$400k+	48	20%	6	-25%	8.0	60%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	72	24%	$230	-1%
$10-150k	6	50%	$150	-15%
$150-225k	24	85%	$177	0%
$225-400k	25	-19%	$201	-5%
$400k+	17	70%	$313	-5%

Data source: Realcomp MLS using Great Lakes Repository Data. Value Change= Change in price per square foot ($/SF)